

A Get-Rich-Quick-Panic

Washington, D. C., October 28.—This is not a Washington letter, although it is written from Washington by a man who knows his New York well. One who knows New York always remembers that the corner of Thirty-fourth street and Fifth Avenue is today the uptown financial center. On one corner is the Waldorf-Astoria, the uptown headquarters of Wall Street, the place where the big brokers and the prominent plungers gather after the market has closed and exchange their views and make their bets on tomorrow's market. On another corner is the stately building of the Knickerbocker Trust company, which on the day I write has closed its doors and gone down into ignominious failure. Its building is perhaps the most beautiful piece of architecture on upper Fifth Avenue. It stands on the site of the old mansion of A. T. Stewart, a merchant whose name is now almost forgotten, but who made his money by selling goods for what they were worth with a reasonable profit. He built there a house which for a time was the wonder of all New York, but he did not know the ways of the modern financier. He made his money by buying and selling, not by borrowing, and borrowing, and borrowing again, and then making other men buy securities which he did not own and unloading his debts upon them.

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The collapse of the Knickerbocker Trust company is described by various people in various ways. One of the prominent bankers of New York said that it was due to bad banking methods applied by bad men. On being pressed for a more definite statement he refused to give it. Another prominent banker ascribed it to the speeches of President Roosevelt; possibly those speeches have hurt in some degree. But as a matter of fact anyone who knows anything about the financial situation in the United States today must recognize that the trouble in New York is due to the notorious fact that the banks and the trust companies have been giving their funds for the financing of speculative companies. Such of the banks as are protected by the clearing house may pull through, but the banks that have turned over their assets to speculators like Morse, Thomas, Heinze, Harriman or men of that type are likely to find hard going in the next two or three days.

THE BANKS AND THE INSURANCE COMPANIES

The same day that saw the run on the Knickerbocker Trust company brought out the information that Mr. E. H. Harriman had been able to borrow from the Mutual Life Association almost ten million dollars on securities which are doubtless good, but which are not quickly marketable. That fact was elicited in an official investigation of the Mutual Life affairs. The ability to borrow ten million dollars on doubtful security is a very useful qualification for a man who wants to become one of the great captains of industry. It helps to buy control of a bank and then borrow nine million dollars from that bank and so on until he can handle hundreds of millions of dollars for which he has put only a few hundred thousand. This is what is being done by Harriman and by Ryan and has been done by Westinghouse, who has gone to the bad. The Westinghouse failure is likely to extend the bank panic far to the west. It will touch the securities of the steel trust and as they are held outside of New York it is very likely to create financial difficulties where it had not been expected they would appear.

And yet, after all, it is a rich man's panic. It is a fight in Wall Street between men who were just as eager to get rich quick as any one of those much-scorned western rubes who come to New York to buy gold bricks, or green goods. It is a panic bred of the determination of a few men to make themselves enormously rich at the expense of the investing public. It comes out of the new financial scheme of building a one million dollar corporation on a basis of about one dollar at the bottom.

WHERE THE RESPONSIBILITY LIES

Let me quote: This is what Mr. William Turnbull of the Knickerbocker Trust company said as that banking corporation closed its doors, "This is the inevitable end of what has been in progress for months. There is a man high in

authority who does not know the meaning of credit, and who has consistently done all he could to destroy this delicate constituent of legitimate business. If disaster follows and anyone wants to know the fundamental cause of the trouble, let him go back over the last six months and read the speeches of this man."

Of course Mr. Turnbull declined to say who the man he referred to was. Perhaps it might be left to the guess of the reader.

Curiously enough when the vice president of the Knickerbocker Trust company was giving out the statement which is here quoted, President Roosevelt at Natchez, Miss., was saying this:

"These policies represent the effort to punish dishonesty. I doubt if they have helped to bring about the trouble, but if they have it will not alter in the slightest degree my determination that for the remaining sixteen months of my term these policies shall be persevered in unswervingly. * * * I am responsible for turning on the light, but I am not responsible for what the light showed."

Now after all how has Mr. Roosevelt turned on any light which might affect the Knickerbocker Trust company which has failed, or its subordinate branches, or what did he do in the way of turning on the light to illuminate anything wrong in the Westinghouse company which is one of the great industrial concerns of the United States, and which is not in any sense a trust? What has the president done, except to agitate—and after all an agitator is useful. Why should the speculative New York banks be suffering on his account? He has done nothing except to permit his secretary of the treasury to offer them something like two hundred million dollars to tide them over a pinch. He has talked, it is true, somewhat at random against monopolies, and he has discovered that dishonest men ought to be punished. But must we believe that the discovery of punishment for dishonesty rests with Roosevelt? He has never been explicit; he has never gone further than to say that predatory wealth should be frowned upon, and that dishonesty in great financial institutions should be penalized. Both statements seem to rank with the most ordinary platitudes.

THE STOCK EXCHANGE AND THE INVESTOR

I remember very well some years ago when the failure of certain gentlemen, now very rich, known as the Moore brothers and the coincident collapse of the Chicago Traction companies owned at that time by Charles T. Yerkes led the Chicago stock exchange to close its doors for some weeks. If an ordinary little "piker" who stood to lose four or five thousand dollars forsook trouble, there would not be any closing of the stock exchange. When Yerkes, who robbed the city of Chicago of millions of dollars, and when the Moores who had taken millions away from small investors were in danger of losing, the stock exchange cheerfully closed up for their benefit. So now the Pittsburg stock exchange is closing for the benefit of the Westinghouse companies. In brief it seems fair to say that the ordinary investor would do better to keep out of the stock exchanges. If he loses, he will be closed out at the ring of the gong. If the big man loses, the stock exchange will be closed in order that he may be able to tide over a pinch.

WILLIS J. ABBOT.

AN INTERESTING REVIEW

The New York Evening Post prints from the pen of Charles E. Clarke the following letter addressed to the Post editor:

Sir: The charge is frequently made in the eastern press that Bryan has wrecked the democratic party, and that so long as he is prominent in the councils of the party success is impossible. Those who make this charge manage to so marshal the few facts at their command as to mislead all but careful students of elections and current politics. Cleveland as the democratic leader and candidate led the party to victory in 1892, while four and eight years later the party under Bryan met with defeat. Nothing more is said. This is their whole argument.

Now what is the truth? Two years after Cleveland's election, in a campaign all over the country for members of congress, when Cleve-

land was still in control of the party, his administration the issue, and his lieutenants in charge of the election machinery, and eighteen months before Bryan was dreamed of as a candidate or leader, the democratic party was overwhelmingly defeated, the republicans electing a large majority of members of the lower house of congress and carrying several state legislatures which chose United States senators. Congress was lost to the party in 1894 not on account of Bryanism, but because of the administration dominated by the very men the so-called conservative democrats want to put again in control of the party. When Bryan was nominated in July, 1896, the outlook was hopeless, the party had been really wrecked, not by Bryan, but by Cleveland; it was discredited and distrusted by the masses who were prepared for McKinley and, as they thought, prosperity also. To have asserted that McKinley was in any danger of defeat at the time the Chicago convention met which nominated Bryan was to write one's self down a monumental ass. Bryan was nominated—young, poor, practically unknown, deserted by most of the trained leaders of the party, together with the leading papers, business men, and large capitalists that had up to that time aided the democratic party. Without funds, with powerful opponents, with the largest campaign fund in the history of American politics used against him, to say nothing of the misrepresentation and intimidation resorted to by some enthusiastic McKinley employers of labor, and many other things to contend with—in spite of it all, Bryan was nearly elected, and the late Mark Hanna is said to have told a certain committee that had it not been for the money they contributed Bryan would have swept the country; 20,000 votes properly distributed would have changed the result. It was the hardest fought campaign since the civil war. Does this prove Bryan a wrecker of the party? Imagine the result had Cleveland or one of his allies been the democratic candidate in 1896.

The 1900 campaign did not turn out so well for Bryan, but considering all the circumstances, he did well and better than any other candidate could have done. Times had improved, a successful war had been ended, and the acquisition of new territory completed. No one could have defeated McKinley in that campaign. Yet the Cleveland element managed to get control of the party again, and in 1904, with Judge Parker as their candidate and in a year more favorable to the democrats than 1896 and 1900, the party met with the worst defeat in thirty years. It must be plain to every one who studies the election returns for 1892, 1894, 1896, 1900, and 1904 that Bryan, far from being a wrecker of the democratic party, was really a saviour. His has been a hard and thankless task, but it must be a source of extreme satisfaction to him to see the president praised for carrying out many of the policies which Bryan advocated and for which he was called an anarchist and other ridiculous terms.

CHARLES E. CLARKE.

New York, August 30.

A LATE ADVANCE

The dispatches of October 20 announce that the Western Union Telegraph company will increase the wages of its telegraphers but will no longer pay the "bonus" offered to those who remained "loyal" to the company when the strike was called. That is usually the case. The men who make the fight for better conditions and submit to the discomforts, are rewarded by seeing those who neither fought nor sacrificed reap the benefits. Had the Western Union Telegraph company granted a similar increase to its old employees there would have been no strike, the company would have saved money, the public would not have been discommoded and the old employees would not have suffered.

THE PRIMARY PLEDGE

As this copy of The Commoner may be read by some one not familiar with the details of the primary pledge plan, it is necessary to say that according to the terms of this plan every democrat is asked to pledge himself to attend all of the primaries of his party to be held between now and the next democratic national convention unless unavoidably prevented, and to secure a clear, honest and straightforward declaration of the party's position on every question upon which the voters of the party desire to speak. Those desiring to be enrolled can either write The Commoner approving the object of the organization and asking to have their names entered on the roll, or they can fill out and mail the blank pledge, which is printed on page 12.